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SUBJECT: IRELAND OKAY WITH COMMISSION ODA COORDINATION PROPOSALS AND WITH EU INFLEXIBILITY ON DOHA

REF: A. STATE 12263

[B.](#) STATE 22747

[C.](#) LERNER-EU ECON OFFICERS E-MAIL OF 3/3/06

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[¶1.](#) Summary: In a wide-ranging March 23 discussion prompted by reftels A and B, officials at Irish Aid (formerly Development Cooperation Ireland):

-- noted that Ireland contributed euro 59 million in 2005 to the Multilateral Debt Relief Initiative, raising Irish overseas development assistance (ODA) to 0.5 percent of GNP;

-- refuted reports that Ireland opposed EU Development Commissioner Michel's proposals for improved coordination of Member States, aid programs;

-- argued that developing countries had little to gain from, and might be harmed by, the terms of the agricultural component of the Doha trade negotiations;

-- said that Ireland might establish a development bank to provide credit for entrepreneurs in developing countries who could not obtain regular bank loans;

-- cited ongoing consultations on Ireland's first-ever ODA white paper, which had improved Irish Aid's communication with other Government departments; and,

-- welcomed USAID's efforts in recent years to strengthen collaboration with other national aid agencies.

Post was disappointed with Irish Aid's views on the WTO negotiations, which echoed previous Irish Government concerns about the sensitive domestic agricultural sector and also standard EU arguments downplaying the potential benefit of a Doha deal for the least developed countries. As Ireland faces elections in 2007, the Prime Minister's policy on Doha can be seen as an attempt to shore up votes among farmers, a traditional constituency of his party. End summary

[¶2.](#) (SBU) On March 23, emboff used reftels A and B demarche points as a lead-in to discussion on current development topics with Irish Aid, the new name for Development Cooperation Ireland, the aid agency within the Department of Foreign Affairs. Our interlocutors included Michael Sanfey and Mairead Creed, Principal Officer and First Secretary, respectively, for EU Development Policy, as well as Dermot McLean, Health/HIV specialist. The officials described reftels, points on debt forgiveness and other aspects of official development assistance (ODA) as the most comprehensive information they had seen on any one country's

aid strategy. Sanfey noted that Ireland had not been a player on debt forgiveness, since its development assistance was provided entirely in the form of grants. He pointed out, however, that Finance Minister Cowen had allocated euro 59 million in December 2005 to the World Bank under the Multilateral Debt Relief Initiative (MDRI), which the Irish Government counted as raising ODA in 2005 from 0.4 to 0.5 percent of GNP, or roughly euro 734 million. (At the September 2005 UN High Level Event, Irish Prime Minister Bertie Ahern pledged that Irish ODA would reach 0.7 percent of GNP by 2012.)

Ireland Not Opposed to Michel's Coordination Proposals

¶3. (SBU) A March 3 Irish Times report that Ireland had given a "lukewarm response" to Development Commissioner Michel's March 2 proposals to enhance EU coordination on development assistance should be "reasonably dismissed," said Sanfey. He claimed that the Irish Times had simply recast earlier reports in the "European Voice" and "Terra Viva Europe" that Ireland, the UK, Denmark, Sweden, and the Netherlands had misgivings about Commissioner Michel's proposals (which ref C had identified as inaccurate). Sanfey acknowledged that the Commission's goals on development assistance were not identical in every respect to those of Member States, a difference that yielded, at worst, creative tension. He emphasized, however, that Member States and the Commission "were all in this together" and that Ireland favored collective efforts to make assistance more effective.

Lockstep on Irish Opposition to EU Flexibility on Doha

¶4. (SBU) When emboff asked for Irish Aid's views on the Irish Government's opposition to further EU concessions on the agricultural market access component of the WTO

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negotiations, Creed said that the USG should keep in mind recent hardships faced by Irish farmers as well as their domestic political influence. She pointed out that CAP reforms had affected farm income, while changes in the EU sugar regime were likely to close down Ireland's sugar industry. She also claimed that the EU had lost the "propaganda war" in the debate on which WTO members were to blame for the current impasse in the Doha negotiations, as the United States, Japan, and the EU were "equal offenders" in agricultural subsidization. She added that the most impoverished developing countries, the focus of Irish ODA, apparently had little to gain from the currnt agricultural terms discussed in the Doha Roun. Moreover, these countries already enjoyed 100percent duty/quota-free access to the EU agricultural market. Creed also expressed concern that further erosion of agricultural floor prices in the U under a Doha deal would harm developing countries, which currently benefited from the same pric supports. In reply, emboff cited voluminous stdies that the more liberal agricultural market access regime envisioned under a Doha deal could potentially lift hundreds of millions in the developing world out of poverty, and he offered to share these studies with Irish Aid.

An Irish Development Bank and the ODA White Paper

¶5. (SBU) Irish Aid was considering proposals to establish an Irish development bank to provide easier access to credit for entrepreneurs in developing countries who could not obtain loans from mainstream banks, observed Sanfey. The bank would recover its money on a non-profit basis and recycle the capital to its locale of operation, along the lines of existing Dutch and Norwegian development banks. (The March 2 Irish Times reported that Irish Minister of State for Development, Conor Lenihan, had received two proposals for a development bank: one from a partnership of Citibank and an

Irish venture capitalist, and another from an executive of German Depfa Bank, which operates in Dublin's International Financial Services Center.) Sanfey noted that the proposals had not yet worked their way to technical experts at Irish Aid, who would be interested in their compatibility with regular assistance programs.

¶ 16. (SBU) Proposals for a development bank would be folded into Ireland's first ever white paper on ODA, which Irish Aid expected would be published this summer, said Sanfey. Irish Aid was consulting with other government agencies on the paper, and Development Minister Lenihan was conducting town hall meetings around the country to invite public input on the initiative. The white paper consultations, according to Sanfey, were a means to compel other agencies to focus on Irish development strategy, including its Government-wide budgetary ramifications. The white paper also offered entre for Irish Aid into the policy discussions of those agencies. Sanfey noted, for example, that Irish Aid aimed to weigh in more effectively with the Department of Defense on Irish peacekeeping operations and also with the Department of Enterprise, Trade, and Employment on trade policy. Regarding that latter, Creed asked for more information on USAID's aid-for-trade programs.

USAID's Collaborative Efforts Welcome

¶ 17. (SBU) Irish Aid welcomed USAID's efforts in recent years to strengthen coordination on development programs with other national aid agencies, said McLean. He elaborated that Ireland and other European donor countries typically funneled assistance funds through the governments of recipient countries, whereas USAID's long-standing policy was to fund programs through non-government channels. These contrasting approaches underlay previous challenges in cooperation between USAID and other aid agencies. McLean said that USAID's collaboration on the ground with other agencies in recent years had helped to improve the effectiveness of donors' collective efforts. Sanfey added that Development Cooperation Ireland had, in fact, chosen the name "Irish Aid" to capitalize on the positive branding associated with USAID.

Comment: Disappointing Views on Doha

¶ 18. (SBU) Post was disappointed with the views expressed by the Irish Aid officials on the WTO negotiations. We had heard similar comments over the past year about domestic political sensitivities on agriculture from the Department of the Prime Minister and key economic ministries, but we had

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hoped that at least mid-level Irish Aid officials would understand the potential for poverty alleviation presented by a more liberal international agricultural trade regime. These officials, argued that the Doha negotiations offered little to, and might even harm, the most impoverished developing countries were standard EU fare. Irish Aid's sympathy with the Irish Government's opposition to a more flexible EU approach to the Doha talks stands in contrast with the agency's long-standing advocacy for increased international ODA to developing countries.

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